

PUBLIC DISCLOSURE

August 15, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**INSTITUTION FOR SAVINGS IN NEWBURYPORT AND ITS VICINITY
90250**

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NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") and the Federal Deposit Insurance Corporation ("FDIC") to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Institution for Savings in Newburyport and its Vicinity ("IFS" or the "Bank")** prepared by the Division and the FDIC, the Institution's supervisory agencies, as of **August 15, 2011**. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the Institution's branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."

An institution in this group has an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Intermediate Small Bank CRA procedures were utilized for the evaluation. The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank's performance under each of these tests is summarized below.

The Lending Test is rated "Satisfactory."

- The Bank's loan-to-deposit ("LTD") ratio is reasonable given the size of the institution, its financial condition, and assessment area credit needs. The Bank's LTD ratio as of March 31, 2011 was 76.4 percent, while the average LTD ratio since the prior CRA evaluation is 81.3 percent. The Bank's performance was also reasonable in comparison to similarly situated financial institutions.
- The Bank originated a majority of its home mortgage loans inside its designated assessment area, at 58.3 percent by number and 51.4 percent by dollar amount, respectively. The Bank also originated a majority of its small business loans inside the assessment area, at 77.3 percent by number and 69.9 percent by dollar amount.
- The distribution of home mortgage loans to borrowers of different income levels reflects reasonable penetration to low- and moderate-income borrowers. Additionally, the distribution of small business loans reflects reasonable penetration to businesses of different sizes.

- The distribution of the Bank's home mortgages and small business loans reflects reasonable dispersion among the area's census tracts. The analysis under this criterion is limited, as the assessment area does not include any low- or moderate-income tracts. It should be further noted that no conspicuous lending gaps were identified.
- The Bank did not receive any CRA-related complaints during the evaluation period.

The Community Development Test is rated “High Satisfactory” by the Division and “Satisfactory” by the FDIC.

(Please note that the FDIC's rating matrix does not provide for a “High Satisfactory” rating.)

The Bank's community development performance demonstrates a good responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, considering the institution's capacity and availability of such opportunities in the assessment area.

- The Bank had an adequate level of community development loans during the assessment period. The Bank's loans totaled approximately \$4.5 million. While the total number of loans is less than the previous evaluation, the dollar amount is greater.
- The Bank's level of qualified investments is significant. In total, the Bank has \$6 million in qualified investments, including grants and donations. Given the opportunities in the assessment area, this level of investment activity is quite good. The Bank appears to direct a lot of its resources and attention to affordable housing initiatives and programs.
- The Bank's qualified community development services demonstrate good responsiveness to the community development needs of the assessment area.

SCOPE OF EVALUATION

This evaluation was conducted jointly by the FDIC and the Division. Intermediate Small Bank CRA procedures were utilized for the evaluation. These procedures encompass two performance tests: a Lending Test and a Community Development Test. This evaluation considered the Bank's lending and community development activities for the period of March 31, 2008 through August 15, 2011. The data and applicable timeframes for the Lending Test and the Community Development Test are discussed below.

The Lending Test focused on home mortgage and small business lending. The Bank's loan portfolio consists predominantly of home mortgage loans; therefore, greater emphasis was placed on the Bank's home mortgage lending performance. Home mortgage loans included data from 2009 and 2010, as well as year-to-date (YTD) 2011 (through June 30), reported on the Bank's Loan Application Registers ("LARs") maintained pursuant to the Home Mortgage Disclosure Act ("HMDA"). The evaluation emphasized the Bank's home mortgage lending performance in 2009, as this is the most recent year for which aggregate market data was available. The aggregate data was used for comparison purposes. Aggregate market data includes lending information from all HMDA reporters that originated loans in the Bank's assessment area.

Small business loans for the purpose of this evaluation include commercial real estate loans and commercial and industrial loans in amounts of \$1 million or less. The Bank was not required to collect or report small business loans during the evaluation period; therefore, the analysis of small business loans was based on statistically-derived samples for 2009, 2010, and YTD 2011. The Bank's small business lending activity was not compared to the aggregate data, as the Bank did not report its small business loans. Instead, the Bank's small business lending performance was compared against demographic information for 2009 and 2010. Small business lending data for 2011 is referenced, where applicable, in the narrative to illustrate trends in the Bank's lending performance.

The Bank did not make any small farm loans. Consumer lending was also excluded from the analysis as this loan type accounted for only a nominal percentage of the Bank's overall lending activity.

Although both the number and dollar volume of the Bank's small business and home mortgage loans were reviewed, the number of originations was weighed more heavily than the dollar volume. This is because the number of loans is less likely to have been influenced by factors such as business size, applicant income level, or varying real estate values within the assessment area. If dollar volume was emphasized, higher income borrowers or geographic areas would generally appear to receive a larger percentage of loans as each loan is likely to be a larger dollar amount.

Demographic data referenced in the evaluation was obtained from the 2000 United States (U.S.) Census, unless otherwise noted.

The Community Development Test included a review of community development loans, investments (including donations), and services between March 31, 2008 (the Bank's last evaluation) and August 15, 2011.

PERFORMANCE CONTEXT

Description of Institution

IFS is a Massachusetts-chartered mutual savings bank. IFS serves the banking and credit needs of individuals and businesses located in Newburyport and the surrounding cities and towns.

The Bank's main office is located at 93 State Street in downtown Newburyport. In addition, the Bank maintains four full-service branch offices, one lending office, and two school branches. All offices are located in middle-income census tracts. Since the previous FDIC and Division CRA evaluation on March 31, 2008, the Bank opened a branch at 112 County Road, Ipswich, Massachusetts. The Bank has not closed any branches during the evaluation period.

The Bank's total assets increased from \$923 million to \$1.2 billion (29.9 percent) since the previous evaluation. Total deposits, as of March 31, 2011 stood at \$952 million, which represents an increase of approximately 39 percent since the prior evaluation. Net Loans currently total almost \$733 million, and account for 61.1 percent of total assets.

Table 1 Loan Portfolio as of March 31, 2011		
Loan Type	Dollar Volume \$(000)	Percentage of Total Loans
Construction and Land Development	9,188	1.2%
Secured by Farmland	0	0.0%
Revolving Open-end 1-4 Family Residential	22,792	3.1%
Closed-end 1-4 Family Residential First Lien	606,812	82.8%
Closed-end 1-4 Family Residential Junior Lien	5,023	0.7%
Multi-family Residential	2,738	0.4%
Commercial Real Estate	75,112	10.3%
Total Real Estate Secured	721,665	98.5%
Commercial and Industrial Loans	6,565	0.9%
Consumer Credit Cards	0	0.0%
Other Consumer Revolving Loans	287	0.0%
Closed-end Consumer Loans	3,146	0.5%
Obligations of States and Political Subdivisions	0	0.0%
Other Loans	974	0.1%
Less: Any Unearned Income on Loans	0	0.0%
Total Loans	732,637	100.0%

SOURCE: March 31, 2011 Consolidated Report of Condition

As depicted in Table 1, the Bank's loan portfolio is largely concentrated in residential lending, with 87.0 percent of the portfolio in 1-4 family residential and multi-family properties, combined. The next largest percentage is commercial real estate, at 10.3 percent.

The last CRA evaluation, conducted by the FDIC and the Division resulted in an overall rating of "Satisfactory."

There are no significant financial or legal impediments that limit the Bank's ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The CRA requires the designation of one or more assessment areas within which the financial institution's record of helping to meet the needs of its community will be evaluated. IFS has one designated assessment area that conforms to the CRA regulation. The assessment area consists of whole geographies, does not arbitrarily exclude low- or moderate-income areas, does not extend beyond state boundaries, and does not reflect illegal discrimination. The Bank has not changed its assessment area since the previous CRA evaluation.

The assessment area is composed of seven cities and towns located in northern Essex County, Massachusetts, including Amesbury, Ipswich, Newbury, Newburyport, Rowley, Salisbury, and West Newbury. The assessment area is fully contained within the Peabody, Massachusetts (MA) Metropolitan Division (MD) and consists of 16 census tracts, of which 11 are middle-income and 5 are upper-income tracts. There are no low- or moderate- income census tracts in the assessment area.

Population, Households, and Families

Table 2 illustrates certain demographic information about the assessment area by census tract category.

Table 2 Assessment Area Demographics								
Census Tract Income Level	Census Tracts in Assessment Area		Total Population		Total Households		Total Families	
	#	%	#	%	#	%	#	%
Middle	11	68.8	48,245	68.1	19,842	70.5	12,307	66.1
Upper	5	31.2	22,574	31.9	8,309	29.5	6,323	33.9
Total	16	100.0	70,819	100.0	28,151	100.0	18,630	100.0

SOURCE: 2000 U.S. Census data

The CRA defines four income categories (low-, moderate-, middle-, and upper-income), which are based on the Department of Housing and Urban Development (HUD) Median Family Income (MFI) figures. These figures are estimates based on the 2000 U.S. Census data that have been adjusted annually for inflation and other economic events. Low-income is defined as less than 50 percent of the MFI; moderate-income is 50 percent to less than 80 percent of the MFI; middle-income is 80 percent to less than 120 percent of the MFI; and upper-income is 120 percent and greater of the assessment area MFI. These income categories also define census tract and borrower income levels.

Based on 2000 U.S. Census data, there are 18,630 families in the assessment area, of which 15.1 percent are low-income; 16.6 percent moderate-income; 22.6 percent middle-income; and 45.7 percent are upper-income families. Additionally, 3.4 percent of total families have incomes below the poverty level, which is a subset of the low-income category. This demographic information is used for comparison purposes in the *Borrower Characteristics* analysis of home mortgages.

Housing

According to 2000 U.S. Census data there are 30,520 housing units in the assessment area, of which 65.5 percent are owner-occupied, 26.7 percent rental units, and 7.8 percent are vacant. The distribution of owner-occupied housing units by income level of census tract is used for comparison under the *Geographic Distribution* analysis of home mortgages. Approximately 85.6 percent of housing units are 1-4 family dwellings, followed by multi-family dwellings at 14.4 percent, and mobile homes at 1.2 percent. Table 3 depicts selected housing characteristics by census tract income category.

Table 3 Selected Housing Characteristics by Income Category of Census Tract							
Income Level of Census Tract	Percentage (%)				Median		
	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age	Home Value	Gross Rent
Middle	70.8	64.7	84.2	76.1	44	\$214,847	\$713
Upper	29.2	35.3	15.8	23.9	33	\$279,153	\$676
Total or Median	100.0	100.0	100.0	100.0	40	\$239,828	\$707

SOURCE: 2000 U.S. Census Data

The 2000 U.S. Census data indicates a range of median home values from \$214,847 in middle-income census tracts to \$279,153 in upper-income geographies. However, more recent housing data obtained from The Warren Group reflects slightly higher housing values, as depicted in Table 4.

Table 4 Median Sales Price of Residential Properties			
City/Town	2009	2010	June 2011
Newburyport	\$359,900	\$375,000	\$360,000
Newbury	\$366,000	\$403,000	\$410,000
Amesbury	\$250,000	\$245,000	\$205,000
West Newbury	\$480,000	\$380,000	\$410,000
Salisbury	\$270,450	\$254,900	\$246,500
Ipswich	\$339,900	\$317,500	\$353,000
Rowley	\$349,950	\$349,900	\$432,500

SOURCE: The Warren Group

The area's housing prices have fluctuated throughout the evaluation period; this trend is relatively consistent with housing value increases and decreases experienced on a state-wide basis. It is further noted that affordable housing remains somewhat scarce, as the median sales prices in the assessment area are relatively high.

Unemployment

Table 5 illustrates the unemployment rate of the cities and towns within the assessment area, as compared to the state unemployment rates for 2009 and 2010, respectively.

Table 5 Unemployment Rate*				
City/Town	2009		2010	
	Town	State	Town	State
Newburyport	6.7	8.2	7.3	8.5
Newbury	7.0		7.3	
Amesbury	8.0		8.3	
West Newbury	6.6		6.5	
Salisbury	8.7		10.2	
Ipswich	6.9		6.9	
Rowley	7.4		7.6	

*Source: Massachusetts Executive Office of Labor and Workforce Development- Website, Division of Unemployment Assistance.
Data not seasonally adjusted

Table 5 illustrates an increase in unemployment in each city or town within the assessment area, with the exception of Ipswich, which remained unchanged, and West Newbury which dropped slightly. The unemployment rate in Salisbury exceeded the state unemployment rates for 2009 and 2010. The state unemployment rates for 2009 and 2010, at 8.2 and 8.5 percent, are below the U.S. rates of 9.3 and 9.6 percent for the same timeframes.

Business Demographics

Data obtained from *Dun & Bradstreet* for 2009 revealed that there were 7,706 non-farm businesses in the assessment area, of which 79.2 percent had GARs of \$1 million or less; 5.5 percent had GARs greater than \$1 million; and the remaining 15.3 percent had unknown revenues. The 2010 *Dun & Bradstreet* data further revealed that there were 6,445 non-farm businesses in the assessment area, 80.4 percent of which had GARs of \$1 million or less, 5.9 percent had GARs greater than \$1 million, and the remaining 13.7 percent did not report revenues.

Further, of the total non-farm businesses in the assessment area in 2009, 74.8 percent were in middle-income census tracts and 25.2 percent were in upper-income tracts. In 2010, 73.7 percent were in middle-income census tracts and 26.3 percent were in upper-income census tracts.

Competition

IFS operates in a competitive business environment. According to market share reports for 2009, 216 financial institutions originated 3,770 home mortgages totaling approximately \$988.2 million, with IFS ranking first. The Bank does not report small business loan information; therefore, small business market share reports were not used in this evaluation.

Management considers the Bank's primary competition to include local institutions such as Newburyport Five Cents Savings Bank and Pentucket Bank, as well as large national or regional banks such as Bank of America, N.A. or TDBank, N.A.

Community Contact

A community contact was conducted with an organization that provides services targeted toward low- and moderate-income individuals in Newburyport, Massachusetts. The contact expressed concern over the lack of affordable housing in the area. The lack of affordable housing has resulted in population loss, as even rents are generally high. The contact identified IFS as being active in providing assistance to the organization, both in terms of monetary donations and human resources.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Bank's performance with respect to the Lending Test is "Satisfactory."

The Lending Test considered the institution's home mortgage and small business lending pursuant to the following criteria: LTD ratio; assessment area concentration; borrower characteristics; geographic distribution; and the record of taking action in response to CRA complaints.

Loan-to-Deposit

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans. The Bank's average LTD ratio is reasonable given the institution's size, financial condition, and lending focus.

The average LTD ratio was calculated using Call Report data for the 13 quarters since the previous CRA evaluation. The average LTD ratio is 81.1 percent. The LTD ratio ranged from a low of 75.6 percent as of December 31, 2010, to a high of 86.0 percent as of September 30, 2009. The ratio increased between March 2008 and September 2009, but declined from September 2009 until December 2010. The declining trend reflects the fact that deposit growth outpaced loan growth. Since the previous evaluation, the Bank's net loans increased by 34.8 percent, while deposits increased by approximately 39.0 percent. It is further noted that the Bank is mainly a portfolio lender and does not sell loans in the secondary market.

For comparison purposes, the Bank's average LTD ratio was compared against two similarly situated institutions. As reflected in Table 6, the Bank's LTD is the lowest of the three institutions, but considered reasonable.

Table 6		
Average LTD Comparison		
Bank Name	Average Net LTD	Total Assets
Institution for Savings	81.1	\$1,199,096
Newburyport Five Cents Savings Bank	109.4	\$623,274
Pentucket Bank	84.1	\$618,339

SOURCE: Report of Condition and Income (Call Reports) 03/31/2011

Assessment Area Concentration

Table 7 illustrates the Bank's record of home mortgage and small business lending inside and outside the assessment area in 2009, 2010, and the first two quarters of 2011. Overall, the Bank extended a majority of home mortgages, both by number and dollar amount, inside the assessment area, which demonstrates adequate responsiveness to assessment area credit needs. Furthermore, the Bank also made a majority of its small business loans in the assessment area. As previously discussed, home mortgage lending activity is assigned the most weight in assessing the Bank's overall performance.

Table 7 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$ (000)	%	\$ (000)	%	
2009										
Home Purchase	63	63.0	37	37.0	100	20,422	51.2	19,481	48.8	39,903
Refinance	263	57.3	196	42.7	459	66,261	51.0	63,749	49.0	130,010
Home Improvement	58	63.0	34	37.0	92	12,143	58.3	8,691	41.7	20,834
Total 2009	384	59.0	267	41.0	651	98,826	51.8	91,921	48.2	190,747
2010										
Home Purchase	47	56.6	36	43.4	83	15,666	47.1	17,615	52.9	33,281
Refinance	168	60.2	111	39.8	279	41,420	52.3	37,857	47.7	79,277
Home Improvement	47	69.1	21	30.9	68	10,902	66.8	5,423	33.2	16,325
Total 2010	262	60.9	168	39.1	430	67,988	52.7	60,895	47.3	128,883
YTD 2011										
Home Purchase	34	47.9	37	52.1	71	9,598	43.9	12,247	56.1	21,845
Refinance	112	53.6	97	46.4	209	27,331	49.8	27,533	50.2	54,864
Home Improvement	16	64.0	9	36.0	25	3,000	48.0	3,255	52.0	6,255
Total YTD 2011	162	53.1	143	46.9	305	39,929	48.1	43,035	51.9	82,964
TOTAL HOME LOAN	808	58.3	578	41.7	1,386	206,743	51.4	195,851	48.6	402,594
Small Business 2009*	20	90.9	2	9.1	22	3,081	88.8	390	11.2	3,471
Small Business 2010*	16	72.7	6	27.3	22	2,896	69.2	1,288	30.8	4,184
Small Business 2011*	15	68.2	7	31.8	22	2,369	55.4	1,910	44.6	4,279
Total Small Business*	51	77.3	15	22.7	66	8,346	69.9	3,588	30.1	11,934

SOURCE: 2009, 2010 , and 2011 Bank HMDA Data and Bank Records

*Small business loans sampled.

Home Mortgage Lending

As illustrated in Table 7, the Bank originated 808 home mortgage loans totaling \$206.7 million inside its designated assessment area from January 2009 through June 2011. This represents 58.3 percent of the total number of home mortgage loans originated by the Bank, and 51.4 percent by dollar volume. The number of home mortgages in the assessment area, as well as the dollar amount, decreased from 2009 to 2010. The decline is due in large part to lower interest rates in 2009, which fueled mortgage refinancing activity.

In 2009, the Bank ranked 1st out of the 216 lenders that originated home mortgages within the designated assessment area. This activity accounted for 10.2 percent of assessment area market share.

The Bank's performance varies by loan purpose. The following section discusses the Bank's assessment area concentration of home mortgages by loan purpose, including purchase, refinance, and home improvement.

Home Purchase

Similar to the overall trend of home mortgage lending between 2009 and 2010, the Bank's home purchase activity also decreased during this timeframe. In addition, home purchase loans inside the assessment area decreased from 63.0 percent in 2009 to 56.6 percent in 2010. Data for YTD 2011 reflects a further decline, as only 47.9 percent of the Bank's home purchase loans were made inside the assessment area during the first two quarters. As home purchase loans represent only 19.2 percent of total home mortgages originated during the evaluation period, the decreasing trend did not have significant impact on the Bank's overall performance.

Refinance

The Bank's home refinance loans represented 67.1 percent of home mortgages between 2009 and June 2011; therefore, the Bank's record in this category has the most impact on the assessment area concentration. While refinance activity decreased from 263 loans in 2009 to 168 loans in 2010, the percentage of loans inside the assessment area increased from 57.3 percent to 60.2 percent. It should be noted that the percentage inside the assessment area declined to 53.6 percent in the first two quarters of 2011.

Home Improvement

This category of loans represents the smallest portion of the Bank's total home mortgage activity, at 13.7 percent during the evaluation period. Therefore, the impact on the assessment area concentration is limited. The Bank made between 63.0 percent (2009) and 69.1 percent (2010) of its home improvement loans in the assessment area, reflecting good performance.

Small Business Lending

Of the 66 total small business loans included in the sample for the evaluation, the Bank made 51, or 77.3 percent, inside the designated assessment area. By number of loans, the Bank's percentage of lending in the assessment area decreased from 90.9 percent in 2009 to 68.2 percent during the first two quarters of 2011. Despite the declining trend, the Bank extended a majority of small business loans inside its assessment area consistently during this timeframe, thus reflecting good performance under this factor overall.

Given the competitive lending environment within the assessment area, coupled with various economic and demographic constraints, the Bank's ability to originate a majority of its home mortgage and small business loans inside its assessment area is considered positive.

Borrower Characteristics

The Bank demonstrated reasonable performance in lending to borrowers of varying income levels and businesses of different sizes during the evaluation period. The following sections discuss the Bank's performance by loan type.

Home Mortgage Lending

The Bank's performance in originating home mortgage loans to borrowers of different income levels in 2009 and 2010 is illustrated in Table 8. Demographic information and the 2009 aggregate lending performance are also depicted for comparison purposes. Home mortgage loans made in 2011 are not presented in the table, but are discussed in the narrative. Furthermore, aggregate lending data for 2010 was not available at the time of this evaluation.

Table 8						
Distribution of Home Mortgage Loans by Borrower Income						
Borrower Income Level	% of Total Families	2009 Aggregate Lending Data (% of #)	2009 IFS		2010 IFS	
		2009	#	%	#	%
Low	15.0	4.0	6	1.6	5	1.9
Moderate	16.6	14.8	39	10.1	27	10.3
Middle	22.7	26.6	86	22.4	53	20.2
Upper	45.7	51.4	250	65.1	171	65.3
N/A	0.0	3.2	3	0.8	6	2.3
Total	100.0	100.0	384	100.0	262	100.0

SOURCE: 2009 & 2010 Bank HMDA Data, 2009 Peer Mortgage Data and 2000 U.S. Census

The distribution of home mortgage loans by income level of the borrower reflects, given the demographics of the assessment area, reasonable penetration to low- and moderate-income borrowers. The Bank made 1.6 percent of its home mortgage loans to low-income borrowers in 2009, which is less than the percentage of families at this income level, as well as the aggregate lending performance of 4.0 percent. Similar comparisons are evident in lending to moderate-income borrowers in 2009. Furthermore, while lending levels decreased overall from 2009 to 2010, the Bank's percentages to low- and moderate-income borrowers increased slightly during this timeframe. In 2011, the Bank demonstrated relatively consistent performance, with 1.9 percent of loans to low-income borrowers and 13.0 percent to moderate-income borrowers.

Families of low income, especially those below the poverty line (3.4 percent of assessment area families) have a reduced capacity to borrow, which in turn inhibits a financial institution's capacity to lend. While the Bank's percentages are less than demographic and aggregate figures, market share data for 2009 highlights the Bank's performance of lending to low- and moderate-income individuals. According to market share reports for 2009, the Bank ranked 4th in lending to low-income borrowers, achieving 4.0 percent of the market share. Two of the three lenders ranking ahead of IFS were Bank of America, N.A. (1st) and T.D. Bank, N.A., which combined, for 15.8 percent of this market segment. In terms of lending to moderate-income borrowers, the Bank ranked 2nd, claiming 7.0 percent of the market share, which demonstrates good responsiveness to credit needs of borrowers at this income level when compared to other lenders. Only Bank of America, N.A. ranked higher than IFS. It is further noted that the Bank made a larger majority (65.1 percent) of its home mortgage loans to upper-income borrowers in 2009 when compared against the percentage made by all other lenders (51.5 percent) in the Bank's assessment area.

Home Purchase

IFS originated one home purchase loan to a low-income borrower in 2009. The Bank did not originate any home purchase loans to low-income borrowers in 2010, but improved its performance to 2.9 percent in the first two quarters of 2011. The Bank made 15.9 percent of its home purchase loans to moderate-income borrowers in 2009, but the percentage declined in 2010 and YTD 2011, at 12.8 percent and 11.8 percent, respectively. As previously noted, home purchase loans represent a small percentage of total home mortgage loans, thus the decreasing trend did not have significant impact on the Bank's overall performance.

Refinance

Refinance loans represented approximately two-thirds of the Bank's overall home mortgage lending activity. In 2009, the Bank made 0.8 percent of its refinance loans to low-income borrowers and 8.8 percent to moderate-income borrowers. IFS experienced a slight increase in 2010 to both low-income borrowers, and to moderate-income borrowers in 2011.

Home Improvement

The Bank originated 2.1 percent of its home improvement loans to low-income borrowers in 2009, and demonstrated an increasing trend in 2010, at 5.2 percent. The Bank did not originate any home improvement loans to low-income borrowers in the first two quarters of 2011. The Bank's performance to moderate-income borrowers consistently exceeded its overall performance.

Small Business Lending

The distribution of sampled small business loans by gross annual revenue (GAR) levels reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. Table 9 illustrates the distribution of the Bank's small business loans made in 2009 and 2010 compared to the number of small businesses by GAR level throughout the assessment area.

Table 9 Distribution of Small Business Loans by Gross Annual Revenues						
Gross Annual Revenues (000s)	% of Total Businesses		2009 IFS		2010 IFS	
	2009	2010	#	%	#	%
≤ \$1,000	79.2	80.4	16	80.0	12	75.0
> \$1,000	5.5	5.9	4	20.0	4	25.0
Unknown	15.3	13.7	--	--	--	--
Total	100.0	100.0	20	100.0	16	100.0

SOURCE: Bank Records and 2009 and 2010 Business Geo-demographic Data

The Bank made a majority of its small business loans in 2009 to businesses with GARs of \$1 million or less. While 79.2 percent of businesses in the assessment area have GARs of \$1 million or less, the Bank's performance is considered reasonable. The Bank's performance of lending to small businesses decreased slightly in 2010 to 75 percent and to 73.3 percent in the first two quarters of 2011. Overall, the Bank's performance of lending to small businesses is reasonable.

Geographic Distribution

The analysis under this performance factor is limited, as the Bank's designated assessment area does not include any low- or moderate-income census tracts. Overall, performance under this factor is considered reasonable.

Home Mortgage Lending

Table 10 presents the Bank's home mortgage loans by census tract income level in 2009 and 2010. The table also includes the percentage of owner-occupied housing units by census tract income category, as well as the 2009 aggregate lending data.

Table 10 Distribution of Home Mortgage Loans by Income Category of the Census Tract						
Census Tract Income Level	% of Total Owner- Occupied Housing Units	2009 Aggregate Lending Data (% of #)	2009 IFS		2010 IFS	
		%	#	%	#	%
Middle	64.7	62.9	206	53.7	154	58.8
Upper	35.3	37.1	178	46.3	108	41.2
Total	100.0	100.0	384	100.0	262	100.0

SOURCE: 2009 and 2010 Bank HMDA Data, 2009 Peer Mortgage Data and 2000 U.S. Census

As displayed in Table 10, the Bank was below the 2009 aggregate in lending in middle-income census tracts, and was also below the demographic indicators, as 64.7 percent of owner-occupied units are located in middle-income tracts. The Bank's performance increased, by percentage, in 2010 and 2011, but remained below the percentage of owner-occupied units. No conspicuous gaps in home mortgage lending in specific geographies were evident. Overall, the Bank's distribution of home mortgage loans by income level of census tract is reasonable.

Small Business Lending

The distribution of small business loans reflects reasonable dispersion throughout the assessment area. The Bank's small business lending activity by income level of census tract, as well as a breakdown of businesses by income level of census tract is presented for the assessment area in Table 11. As previously noted, the analysis under this performance factor is limited due to the lack of low- and moderate-income census tracts in the assessment area.

Table 11 Distribution of Small Business Loans by Income Category of the Census Tract						
Census Tract Income Level	Distribution of Businesses (%)		2009 IFS		2010 IFS	
	2009	2010	#	%	#	%
Middle	74.8	73.7	13	65.0	13	81.3
Upper	25.2	26.3	7	35.0	3	18.7
Total	100.0	100.0	20	100.0	16	100.0

SOURCE: Bank Records and 2009 and 2010 Business Geo-demographic Data

In 2009, the distribution of small business loans throughout the assessment area is relatively consistent with the distribution of businesses. The trend in 2010 and the first two quarters of 2011 increased in the middle-income geographies. No notable gaps of small business lending were noted.

Response to Consumer Complaints

The Bank did not receive any CRA-related complaints during the evaluation period. The Bank has written procedures in place in the event that a CRA-related complaint is received.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discrimination or other illegal credit practices were identified.

COMMUNITY DEVELOPMENT TEST

The Bank's performance with respect to the Community Development Test is rated "High Satisfactory" by the Division and "Satisfactory" by the FDIC.

The Community Development Test evaluates an institution's community development loans, investments, and services. As noted previously, the evaluation period for this test was March 31, 2008 through August 15, 2011. The institution's community development performance demonstrates a good responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Loans

As defined in the CRA regulation, a community development loan has as its primary purpose one or more of the following: affordable housing for low- and moderate-income individuals; community services targeted to low- and moderate-income individual; activities that promote economic development by financing small businesses or small farms; or activities that revitalize or stabilize low- and moderate-income geographies. In addition, unless for a multi-family dwelling (five or more units), the loan must not be reported as a home mortgage loan.

The Bank had an adequate level of community development lending during the evaluation period. IFS originated one qualified community development loan during the evaluation period and also renewed a loan and modified a loan. In total, IFS received credit for \$4.5 million. All of the Bank's community development lending activity supported the creation of affordable housing. The total represents 0.6 percent of net loans as of June 30, 2011. The following information provides a summary of the Bank's community development loans.

- In 2009, the Bank made a loan in the amount of \$3.3 million to a non-profit affordable housing organization. The loan provided financing for the construction of a housing development in the Town of Ipswich. The proceeds created 48 units of affordable rental housing.
- In December 2008, the Bank renewed a loan to an affordable housing corporation in the amount of \$620,000. The loan was used for the construction of 8 affordable housing units.
- In February 2007, the Bank made a loan to a non-profit organization in Newburyport. The loan supported an affordable housing project where IFS was the lead bank in a participation arrangement with two other local banks. In February 2011, the Bank modified the loan and extended the term of the loan. The balance at the time of the modification was \$605,618.

During the prior evaluation period, IFS made nine qualified community development loans totaling \$2.8 million. To an extent, the current economic crisis and the overall slowdown in the housing market lessened the Bank's opportunities for community development lending. While the number of community development loans decreased since the previous evaluation, the dollar volume increased. Overall, the Bank's community development lending activity displays adequate responsiveness to the credit needs of the assessment area.

Qualified Investments

A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and, 4) the degree to which the qualified investments are not routinely provided by private investors. Per the regulation, qualified investments considered in this evaluation include all those acquired or made since the previous CRA

examination as well as those made prior and still held by the institution, which are still outstanding and carried on the Bank's balance sheet.

The Bank's total qualified equity investments, combined with qualified grants and donations total approximately \$6 million, and demonstrates a significant level and responsiveness to the assessment area.

Qualified Equity Investments

IFS's qualified equity investments total \$5.3 million. This total includes one new equity investment, as well as an investment made in a prior period, but still held by the Bank. The Bank's CRA qualified investments represent 1.3 percent of total investments as of June 30, 2011. The following is a summary of the two investments.

- In November 2010, the Bank made a \$4.8 million equity investment in Holcroft Park Homes. The project is co-sponsored by the MHIC, which is a private lender/investor that specializes in the financing affordable projects throughout Massachusetts. The investment supported the construction of 6 three-story buildings containing 58 units of affordable housing. As noted by the community contact, discussed previously, affordable housing is needed in the assessment area.
- The Bank has an equity investment in the Massachusetts Housing Finance Agency's (MHFA) CRA Qualified Investment Fund (Fund), which was made in 1999. The Fund accumulates money from numerous financial institutions and reinvests the funds into other qualified CRA investments. The current book value as of June 30, 2011 is \$500,000.

The Bank's current equity investments represent an increase since the previous evaluation when the Bank made one investment totaling \$500,000. As previously mentioned, there is a lack of affordable housing in the assessment area, and the Bank has sought investments to respond to this need. Based on the dollar amount of investments, the Bank provided a significant level in its assessment area.

Qualified Charitable Contributions and Grant Investments

The Bank is committed to assisting its assessment area and surrounding communities by making contributions and donations toward community-based initiatives. These donations are made through the Bank's two Charitable Foundations: (1) 2 Depot Square Ipswich Charitable Foundation, which is dedicated to supporting economic development and improving the quality of life in the community, and (2) the Institution for Savings Charitable Foundation which was established in 1997 as a means to share the Bank's success with the community.

Combining the donations from both Foundations, IFS made qualified donations totaling \$729,565 during the current evaluation period. The vast majority of "qualified" donations were made to organizations that provide community development services to

low- and moderate-income individuals, or to organizations that support affordable housing initiatives. Table 12 illustrates the annual amount of donations, as well as the qualified donations made by each of the foundations during the evaluation period.

Table 12 – Qualified Donations									
	Ipswich Charitable Foundation			2 Depot Square Foundation			Grand Total		
Year	Total	Qualified	%	Total	Qualified	%	Total	Qualified	%
2008 (4/1–12/31)	247,160	78,250	31.7	185,160	42,850	23.1	432,320	121,100	28.0
2009	247,159	136,350	55.2	202,490	75,925	37.5	449,649	212,275	47.2
2010	665,627	193,400	29.1	119,020	42,920	36.1	784,647	236,320	30.1
2011 (1/1–8/15)	325,620	133,620	41.0	94,326	26,250	27.8	419,946	159,870	38.1
TOTAL	\$1,485,566	\$541,620	36.5	\$600,996	\$187,945	31.3	\$2,086,562	\$729,565	35.0

Source: internal Bank records

As displayed, only 35.0 percent of the Bank's donations are considered qualified. This is partially attributed to a large capital campaign to support a local hospital, to which the Bank donated significant funds, including a \$250,000 installment in 2010. In addition, the Bank has been a strong supporter of local schools and made particularly large contributions in 2011. These large one time contributions somewhat skewed the percentage of qualified contributions. Regardless, the amount of qualified contributions is still significant. The following are examples of the Bank's qualified donations.

- *North Shore Housing Trust, Inc.* – The mission of the organization is to create and preserve affordable housing for low- and moderate-income families. The Bank provided a large grant to this organization in 2009 to complete conversion of a two-family home in Ipswich into three affordable condominium units.
- *Jeanne Geiger Crisis Center* - This organization provides free social services to low- and moderate-income children and families, and offers emergency shelter, individual counseling, community outreach, and education.
- *Roof Over Head* – This non-profit organization provides transitional housing for homeless families in the Amesbury, Newburyport, and Salisbury areas.
- *Rowley Food Bank and the Ipswich Food Pantry* - These organizations provide food to low- and moderate-income individuals.
- *Our Neighbor's Table* – This non-profit organization provides a prepared meal one day a week to those in need. In addition, its food pantry program provides grocery staples weekly to families and individuals, as well as emergency food assistance over the holidays. The majority of the individuals served are low- or moderate-income.

- *Ipswich Caring* – This non-profit organization gives assistance to Ipswich families living in financial need (mostly low- or moderate-income). The organization assists families in buying supplies for schools, and also funds grants to individuals who are trying to achieve economic independence and stability for their families.
- *Pettengill House, Inc.* – The Pettengill house is a non-profit social service organization that provides services to homeless individuals, children and families from Amesbury, Byfield, Groveland, Merrimac, Newbury, Newburyport, Rowley, Salisbury and West Newbury.
- *Best Foot Forward* - This organization offers free services to help individuals find employment. These services include job searches, resume writing, interview skills, and dressing appropriately. Bus tickets, gas cards and vouchers for haircuts are also provided. The majority of the individuals served are low- or moderate-income.

Community Development Services

The CRA regulation defines a community development service as having community development as its primary purpose, and one that is related to the provision of financial service. Detailed below is a summary of the Bank's qualified community development services. It is noted that Bank officers and employees volunteer a significant amount of time and expertise to these community organizations. Overall, the Bank displayed a relatively high level of community development services.

Involvement in Community Organizations

Bank personnel provide organizations with financial and management expertise while serving as directors, officers, committee members, and volunteers. The following is a summary of the community development services in which Bank management and employees are involved.

- *Ipswich Affordable Housing Partnership* - This organization provides affordable housing to residents within the assessment area. The majority of the recipients are low- or moderate-income. The Bank President and CEO serves on the Board of this organization.
- *The Pettengill House* - This non-profit organization supports and empowers children and families by providing education, emergency assistance, extensive case management, family stabilization and basic needs to the most at-risk residents of the Greater Newburyport community. A Vice President serves as President and on the Board of the organization. An Assistant Vice President of the Bank also serves on the Board.

- *Newburyport Learning Enrichment Center* – This organization provides direct services to low-income children attending Newburyport public schools. These services include tutor/mentor programs, family and early literacy programs, nutrition, and summer programs. A Senior Vice President serves on the Board.
- *Boys & Girls Club of Lower Merrimack Valley* – This non-profit organization promotes social, educational, health, leadership, and character development of boys and girls during critical periods of their growth. A large portion of its members are low- and moderate-income individuals. A Vice President serves as the Secretary of the organization's Board of Directors.
- *Jeanne Geiger Crisis Center* - This organization provides free social services to low- and moderate-income children and families, and offers emergency shelter, individual counseling, community outreach, and education. The center also provides free workshops that cover financial coaching and budgeting, as well as other related topics. A Senior Vice President served as the Treasurer and as Chair of the organization's Finance Committee.
- *Elder Services of Merrimack Valley* - The Bank's Vice President of Commercial Lending is a money management volunteer with Elder Services of Merrimack Valley. Money management volunteers act as bill payers and provided ongoing direct service in preparation of bill paying and budgeting and basic checkbook balancing enabling the low-income, disabled or elderly clients to prolong an independent way of life with minimal intervention.

Educational Seminars and Other Services

The Bank also provides community development services through educational seminars and other programs. These activities are described below.

- *Teach the Children to Save Day*- The Bank has been an active participant in this program. This program partners the Bank with students for lessons on the importance of saving. The Bank taught classes at an elementary school in Salisbury in 2008. In 2010, the Bank participated in Teach the Children to Save Day at six schools in the assessment area. In 2011, the Bank participated in the program with eight elementary schools.
- *Credit for Life Fair*- The Credit for Life Fair is a nationally recognized program designed to help high school students develop personal financial management skills they will use throughout their lives. The Institution for Savings, in collaboration with Newburyport, Ipswich, Triton Regional and Georgetown high schools, presented the Credit for Life Fair in May of 2011.
- *Identity Theft Seminars* – The Bank hosted an identity theft program at a senior center in Salisbury in October of 2010 during National Protect Your Identity Week. The Bank also conducted a seminar on identity theft in conjunction with the Rowley Council on Aging in February of 2011.

- *Small Business Seminars* – In June of 2009, Institution for Savings participated in a small business lending seminar in conjunction with the Newburyport Chamber of Commerce. The Bank also conducted a four session seminar on how to start your own business in Salisbury in May of 2011.
- *Home Owner Seminar* - In November of 2008, the Bank Participated in the Ipswich Home Owner Forum in conjunction with a local reality company. The session was aimed at first-time homebuyers.

Retail Banking and Other Community Development Services

Retail Banking Services

As previously mentioned, the Bank currently operates nine offices, six of which are full-service branch locations, two high school branches and one lending office. All full-services branches, with the exception of the new location, are located in middle-income census tracts. The Bank's new branch, located at 112 Country Road in Ipswich, is in an upper-income census tract. However, the new branch improves the accessibility to low- and moderate-income individuals as the branch is located on the first floor of a 48-unit affordable housing development. Office hours and services at all locations are convenient; all full-service branches offer Saturday hours and either a drive-through or walk-up ATM. In addition, the Bank offers Internet and telephone banking.

Community Room

The Bank has a community room located at its main office. Numerous local non-profit organizations use this room free of charge as a service of the Bank, including monthly meetings of the Jeanne Geiger Crisis Center Board of Directors. The Board of Directors of ROOF, a local organization assisting the homeless, also holds its monthly meetings in the room.

Basic Banking for Massachusetts

The Bank offers low-cost checking and savings accounts that meet the guidelines established by the Massachusetts Community and Banking Council to help meet the identified need for low-cost bank products and services.

Food Banks

During the evaluation period, the Bank's branch offices were used as collection points for local community development organizations that assist low- and moderate-income individuals. These activities included a canned food drive for The Pettengill House and an Easter food drive for Our Neighbor's Table.

Habitat for Humanity

This is a non-profit housing ministry dedicated to eliminating poverty and homelessness from the world. This organization is committed to making decent shelter a matter of conscience and action. The Bank services, free of charge, mortgage loans for Habitat for Humanity. The Bank prepares and mails monthly bills, posts the payments on their core servicing system, and the loan proceeds are swept into the Habitat for Humanity checking account. Also, the Bank holds the notes and all legal documents on each of these loans for safe keeping and the Bank will, upon request, prepare and issue payoff statements.

APPENDIX - A

Fair Lending Policies and Practices – Massachusetts Division of Banks

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

A review of the Bank's public comment file indicated that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination.

The Bank has detailed Fair Lending and Fair Housing policies which the Board reviews and approves annually. The Bank provides fair lending training to the Board and all employees annually.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Bank received from minority applicants. For the period reviewed, the Bank received a total of 812 HMDA reportable mortgage applications from applicants from racial minority groups within its assessment area, all of which were originated.

Refer to the following table for further details.

MINORITY APPLICATION FLOW								
RACE	Bank 2009		2009 Aggregate Data		Bank 2010		Bank TOTAL	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	0	0.0	6	0.1	0	0.0	0	0.0
<i>Asian</i>	2	0.4	29	0.4	0	0.0	2	0.3
<i>Black/ African American</i>	0	0.0	13	0.2	1	0.3	1	0.1
<i>Hawaiian/Pac Isl.</i>	0	0.0	2	0.0	0	0.0	0	0.0
<i>2 or more Minority</i>	0	0.0	1	0.0	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	5	1.1	36	0.5	5	1.5	9	1.1
Total Minority	7	1.5	87	1.2	6	1.8	13	1.5
<i>White</i>	455	97.4	5,099	75.7	324	93.9	779	96.0
<i>Race Not Available</i>	5	1.1	1,552	23.1	15	4.3	20	2.5
Total	467	100.0	6,738	100.0	345	100.0	812	100.0
ETHNICITY								
<i>Hispanic or Latino</i>	0	0.0	46	0.7	0	0.0	0	0.0
<i>Not Hispanic or Latino</i>	461	98.7	5,036	74.7	328	95.1	789	97.2
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	1	0.2	36	0.5	3	0.9	4	0.5
<i>Ethnicity Not Available</i>	5	1.1	1,620	24.1	14	4.0	19	2.3
Total	467	100.0	6,738	100.0	345	100.0	812	100.0

Source: US Census, HMDA LAR, HMDA Aggregate Data

In order to derive reasonable expectations for the rate of applications the Bank received from minority residential loan applicants, the Bank's minority application flow in each year was compared with the racial and ethnic composition of the assessment area and the 2009 aggregate data for all other HMDA reporters within the assessment area.

According to 2000 Census Data, the Bank's 2009 assessment area contained a total population of 70,819 individuals, 2.8 percent of which is representative of various racial and ethnic minorities. The breakout of the assessment areas minority population is as follows: 0.9 percent Hispanic, 0.4 percent Black, 0.6 percent Asian/Pacific Islander, 0.1 percent American Indian/ Alaska Native and 0.8 percent "other race."

The Bank received 1.5 percent of HMDA reportable loan applications from minority borrowers in 2009, exceeding the 2009 aggregate's percentage of 1.2 percent. In that year, the Bank received no applications from Hispanic applicants. The percentage of applications the Bank received from minority applicants increased in 2010, whereby 1.8 percent of applications were received from minority applicants. Overall, IFS minority application flow is considered reasonable.

APPENDIX B - GENERAL DEFINITIONS

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

Block Numbering Areas (BNAs): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 93 State Street, Newburyport, MA."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.